



DISCOVER YOUR WAY TO

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**AZERBAIJAN**



# VALUE PROPOSITION

- ✓ **PROVEN TRACK RECORD**
- ✓ **A PERFECT HUB**
- ✓ **FAVOURABLE BUSINESS CLIMATE**
- ✓ **QUALIFIED WORK FORCE**



VALUE PROPOSITION

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**PROVEN TRACK  
RECORD**

# STATE OF ECONOMY

## 2015



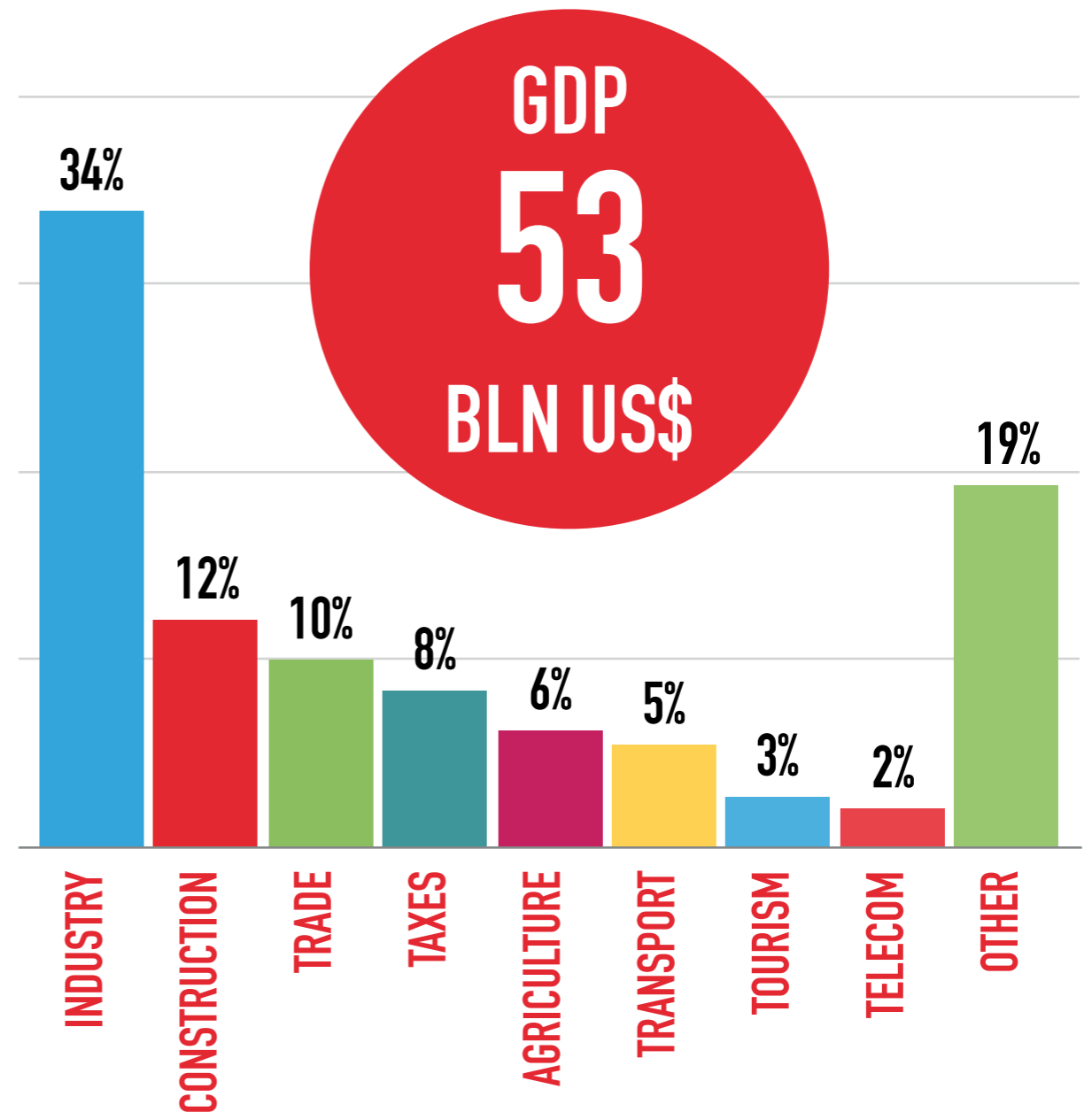
**5558,7 US\$**  
GDP PER CAPITA



**9 593 000**  
POPULATION



**6,894.3 MLN US\$**  
EXTERNAL PUBLIC DEBT



# ECONOMIC DIVERSIFICATION

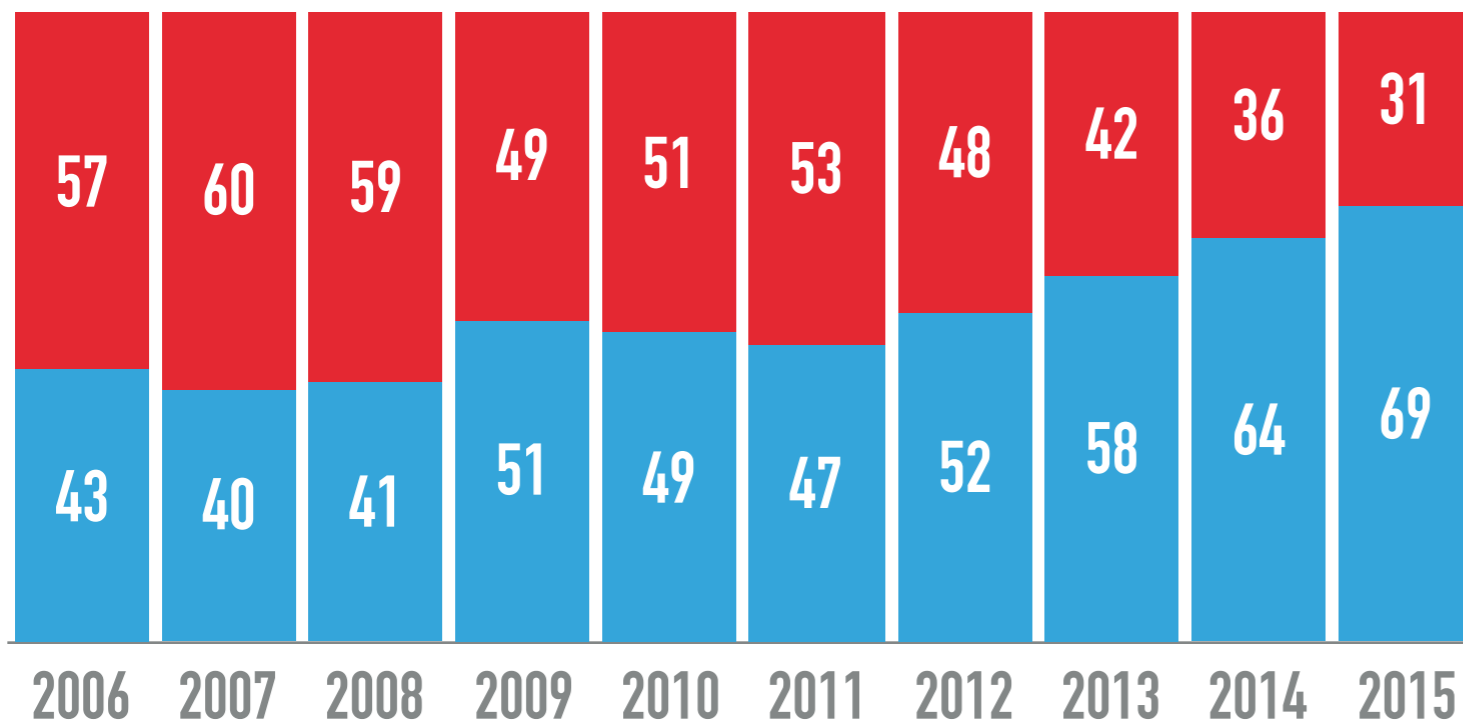
DIVERSIFICATION OF  
ECONOMY AND DEVELOPMENT  
OF NON-OIL SECTORS AS A  
**KEY STRATEGIC PRIORITY**

**69.3%**

NON-OIL GDP (2015)

GDP STRUCTURE (%)

■ non-oil ■ oil

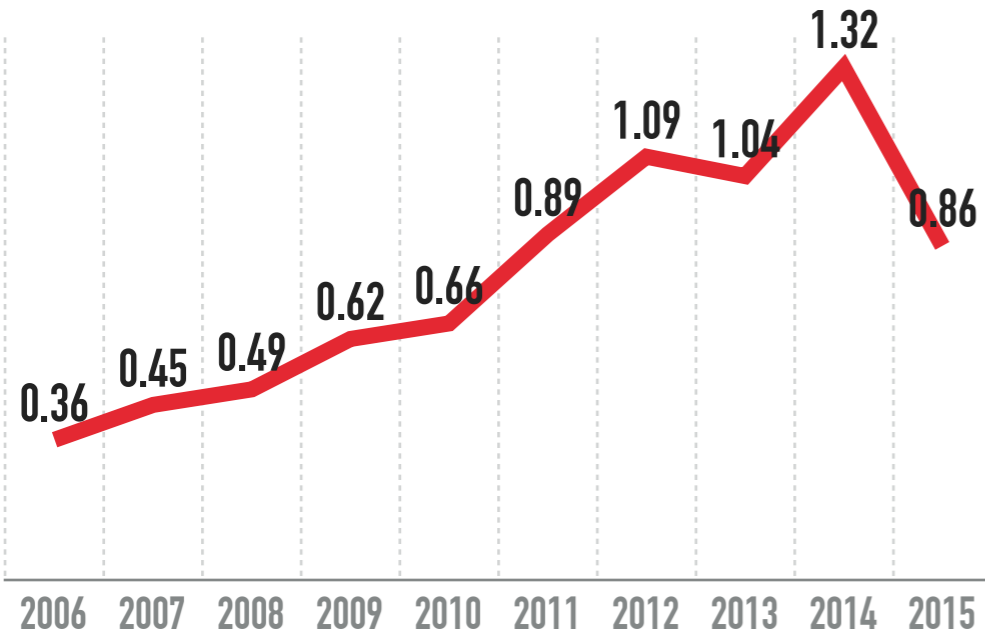


**1.1%**

NON-OIL GDP  
GROWTH (2015)

# PROVEN INVESTMENT DESTINATION

## NON-OIL FDI, BLN. USD



## TOP NON OIL INVESTORS



**TURKEY**  
2,6 BLN US\$



**UK**  
1.5 BLN US\$



**USA**  
1 BLN US\$



**NETHERLANDS**  
0.9 BLN US\$



**UAE**  
0.7 BLN US\$



**GERMANY**  
0.4 BLN US\$

## TOP NON-OIL RECIPIENT SECTORS



**INDUSTRY**  
57%



**CONSTRUCTION**  
15%



**TRADE**  
13%



**TRANSPORT AND  
COMMUNICATION**  
10%



**OTHER**  
5%

# SUCCESS STORIES



# PROVEN TRADING PARTNER

**US\$ 11.42 BLN**  
TOTAL VALUE OF EXPORTS

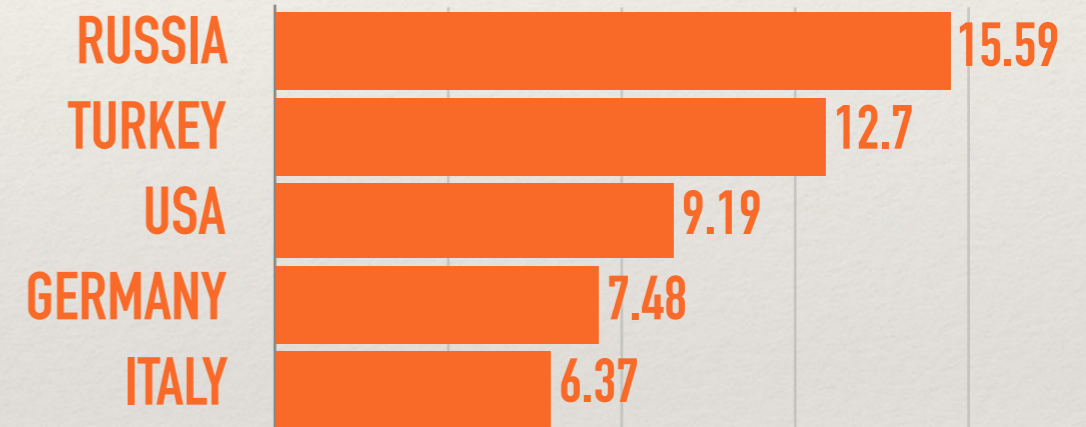
**2015**

**US\$ 9.22 BLN**  
TOTAL VALUE OF IMPORTS

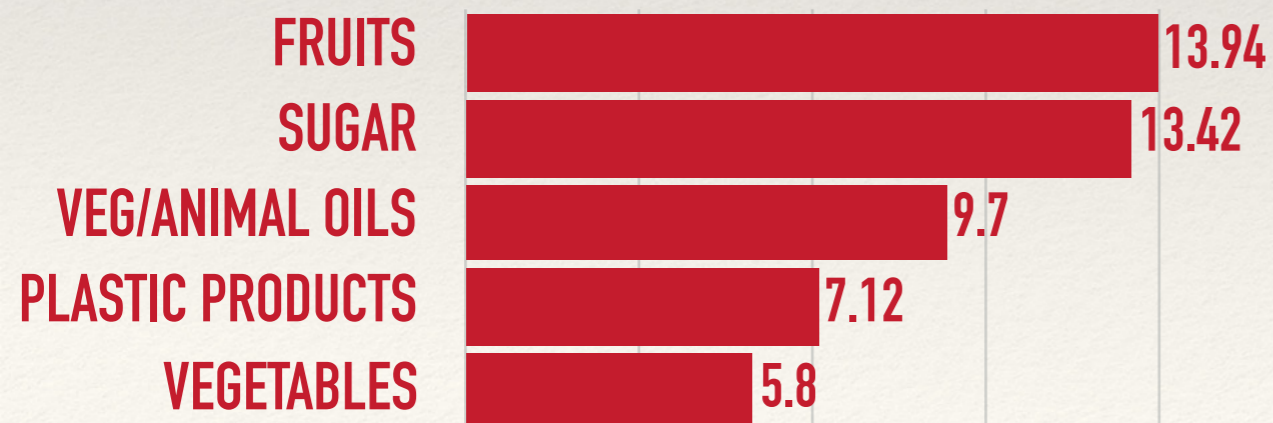
■ TOP 5 EXPORT MARKETS (%)



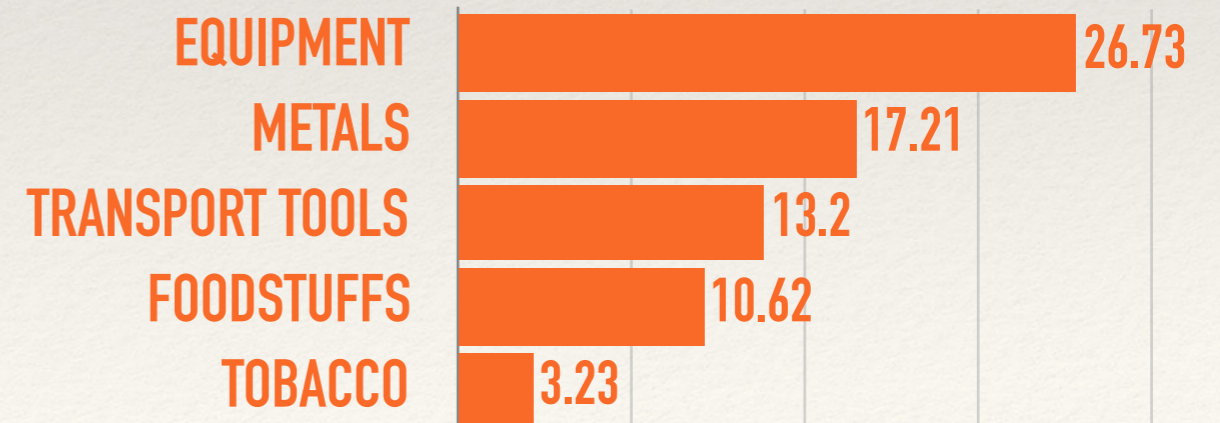
■ TOP 5 IMPORT (%)



■ TOP 5 NON-OIL EXPORT PRODUCTS (%)



■ TOP 5 IMPORT PRODUCTS (%)















# COMPETITIVENESS

## The Global Competitiveness Report 2016-2017 Commonwealth of Independent States

### AZERBAIJAN

Rank / 138 Score (1-7)

Global Competitiveness Index	<b>37</b>	4.6
Subindex A: Basic requirements	49	4.9
 1st pillar: Institutions	<b>48</b>	4.2
 2nd pillar: Infrastructure	<b>55</b>	4.3
 3rd pillar: Macroeconomic environment	<b>39</b>	5.2
 4th pillar: Health and primary education	<b>75</b>	5.7
Subindex B: Efficiency enhancers	59	4.2
 5th pillar: Higher education and training	<b>78</b>	4.2
 6th pillar: Goods market efficiency	<b>50</b>	4.5
 7th pillar: Labor market efficiency	<b>26</b>	4.8
 8th pillar: Financial market development	<b>97</b>	3.5
 9th pillar: Technological readiness	<b>55</b>	4.5
 10th pillar: Market size	<b>63</b>	3.9
Subindex C: Innovation and sophistication factors	49	3.8
 11th pillar: Business sophistication	<b>60</b>	4.0
 12th pillar: Innovation	<b>44</b>	3.6



AZERBAIJAN  
#37



RUSSIA  
#43



KAZAKHSTAN  
#53



GEORGIA  
#59



TAJIKISTAN  
#77



ARMENIA  
#79



UKRAINE  
#85



MOLDOVA  
#100



KYRGYZSTAN  
#111



VALUE PROPOSITION

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**A PERFECT HUB**

# HUGE SURROUNDING MARKET

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## GLOBAL OUTREACH

50 COUNTRIES WITH 50% OF WORLD CONSUMERS WITHIN 4 HOURS FLIGHT (MEDIUM-HAUL FLIGHT)

## FREE ACCESS

TO CIS + GEORGIA MARKETS OF 270 MIL CONSUMERS AND OVER 1.6 TRILLION US\$ GDP

## TRANSIT HUB

AT EAST-WEST, SOUTH-NORTH AND SOUTH-WEST TRANSIT ROUTS

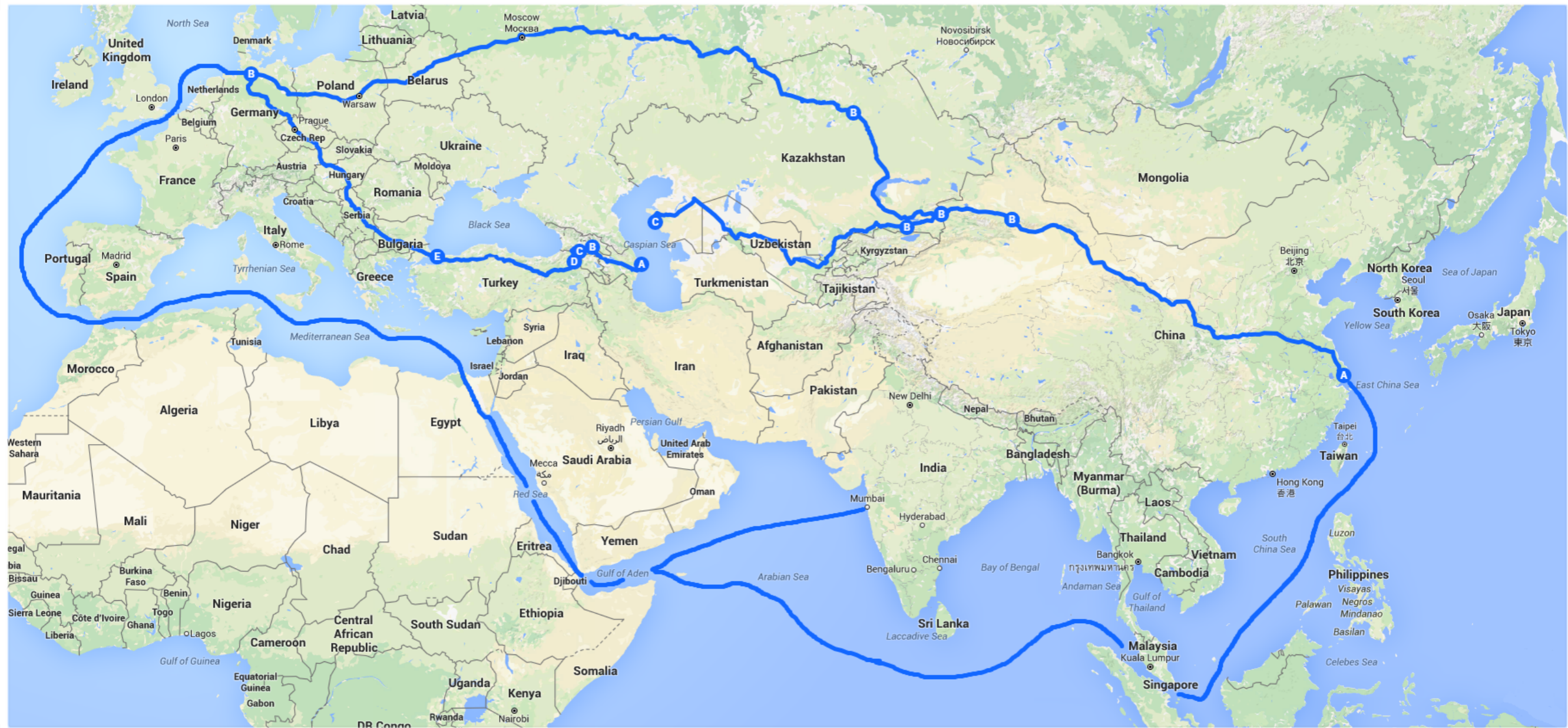
## UNIQUE ACCESS

TO THE UNTAPPED MARKETS OF IRAN, AFGHANISTAN, IRAQ

# EFFECTIVE TIME SAVING ROUTES

**70% TIME SAVING (CHINA - EUROPE MARITIME ROUTE)**

**60% TIME SAVING FOR NORTH-SOUTH ROUTE (INDIA - EUROPE)**



# WELL DEVELOPED INFRASTRUCTURE

- ✓ 10 185 KM OF **ROADS AND HIGHWAYS** CONSTRUCTED AND REHABILITATED
- ✓ 5 NEW INTERNATIONAL **AIRPORTS**
- ✓ **BAKU-TBILISI-KARS** RAILROAD (“THE IRON SILKWAY”)
- ✓ NEW **BAKU INTERNATIONAL SEA TRADE PORT** WITH CAPACITY OF 10–11.5 MLN TONS OF CARGO AND 50 THSD TEU (TO BE INCREASED UP TO 21–25 MLN TONS OF CARGO AND 1 MLN TEU)
- ✓ CARGO TRANSPORTATION VIA **TRACECA** CORRIDOR INCREASED BY 1.3 TIMES





VALUE PROPOSITION

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**BUSINESS**

**ENVIRONMENT**

# WB DOING BUSINESS REPORT 2016

OVERALL RANKING

**63** / 189

STARTING A BUSINESS

**7** / 189

REGISTERING PROPERTY

**22** / 189

PAYING TAXES

**34** / 189

PROTECTING INVESTORS

**36** / 189

ENFORCING CONTRACTS

**40** / 189

# ENABLING BUSINESS ENVIRONMENT

## REDUCED RED TAPE

### No state inspections of businesses

(except for tax, human health and state security reasons)

### Streamlined licensing system

(no. of licensed activities - 37, no validity period, low fees, max 10 working days waiting period)

### E-Gov services for business

(incl. e-registration, e-taxation, e-licensing, e-trade, e-intellectual property, e-payment)

### Streamlined public services

(State Agency for Public Service and Social Innovations (ASAN) is among the global best practices in rendering public services)

## THE ONE-STOP-SHOP SYSTEMS

### Business registration

### Customs

(inspection of goods and transport means crossing the state border)

### Construction permits

### Licensing

## COMPETITIVE TAX REGIME

### Low tax burden

Total tax rate (% of profit) - 39.8

### Streamlined procedures

Number of payments (per year) - 7

Time (hours per year) - 195

### Competitive tax rates

Corporate tax - 20%, VAT - 18%, Simplified tax - 4 or 2%, Personal income tax - 14 or 25%, WHT - 10%

### Tax holidays

Tax holidays for agriculture, industrial and technological parks, holders of investment promotion document

## STIMULATION OF EXPORTS

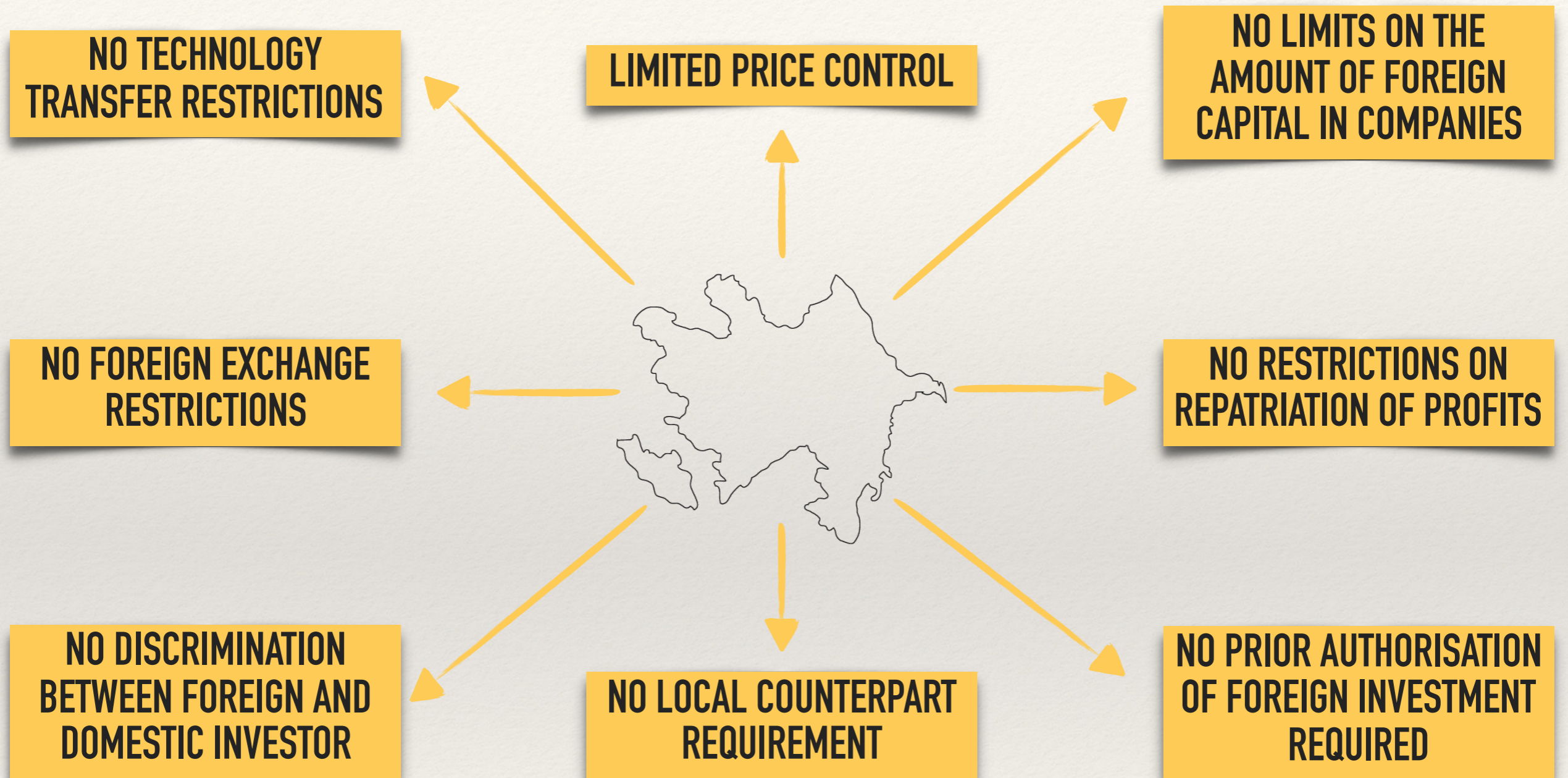
### No export duties

### Export reimbursement system

### Export grant scheme

### Removing trade barriers

# INVESTMENT CLIMATE



# BILATERAL INVESTMENT TREATIES

ALBANIA  
AUSTRIA  
BELARUS  
BELGIUM  
BULGARIA

CROATIA  
CZECH REP  
ESTONIA  
FINLAND  
FRANCE

GEORGIA  
GERMANY  
GREECE  
HUNGARY  
ITALY

LATVIA  
LITHUANIA  
LUXEMBOURG  
MACEDONIA FYR  
MOLDOVA

MONTENEGRO  
NORWAY  
POLAND  
ROMANIA  
RUSSIA

SERBIA  
SWITZERLAND  
TURKEY  
UK  
UKRAINE

USA

EGYPT

CHINA  
IRAN  
ISRAEL  
JORDAN

KAZAKHSTAN  
KOREA REP.  
KUWAIT  
KYRGYZSTAN

LEBANON  
PAKISTAN  
QATAR  
SAUDI ARABIA

SYRIA  
TAJIKISTAN  
UAE  
UZBEKISTAN

# DOUBLE TAXATION TREATIES

AUSTRIA  
BELARUS  
BELGIUM  
B&H  
BULGARIA

CROATIA  
CZECH REP  
ESTONIA  
FINLAND  
FRANCE

GEORGIA  
GERMANY  
GREECE  
HUNGARY  
ITALY

LATVIA  
LITHUANIA  
LUXEMBOURG  
MACEDONIA FYR  
MOLDOVA

MONTENEGRO  
NETHERLANDS  
NORWAY  
POLAND  
ROMANIA

RUSSIA  
SAN MARINO  
SERBIA  
SLOVENIA  
SPAIN

SWEDEN  
SWITZERLAND  
TURKEY  
UK  
UKRAINE

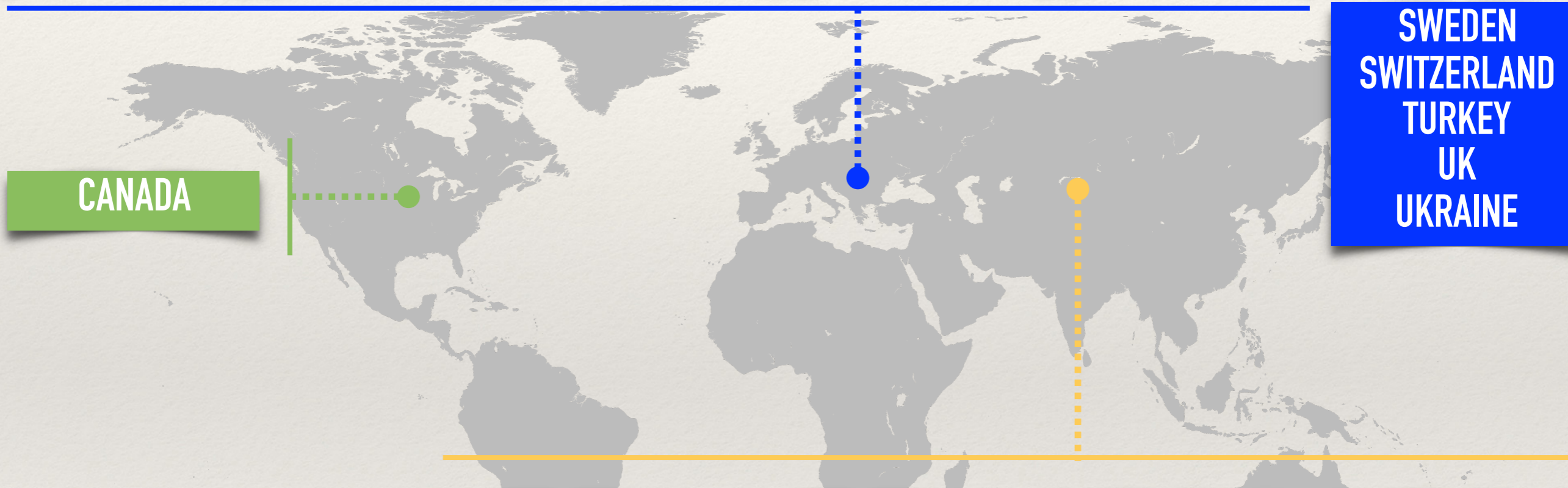
CANADA

CHINA  
IRAN  
JAPAN  
JORDAN

KAZAKHSTAN  
KOREA REP.  
KUWAIT  
PAKISTAN

QATAR  
SAUDI ARABIA  
TAJIKISTAN  
UAE

UZBEKISTAN  
VIETNAM



# INVESTMENT INCENTIVES

## HOLDERS OF INVESTMENT PROMOTION DOCUMENT

**7**

50% REDUCED CORPORATE TAX

0% LAND AND PROPERTY TAX

**Y  
E  
A  
R  
S**

0% VAT ON HARDWARE,  
TECHNOLOGICAL EQUIPMENT  
AND STRUCTURES IMPORTED BY  
IPD HOLDERS

0% CUSTOMS DUTY ON  
HARDWARE, TECHNOLOGICAL  
EQUIPMENT AND STRUCTURES  
IMPORTED BY IPD HOLDERS

## RESIDENTS OF INDUSTRIAL AND TECHNOLOGY PARKS

**7**

0% CORPORATE TAX

0% LAND AND PROPERTY TAX

**Y  
E  
A  
R  
S**

0% VAT ON HARDWARE,  
TECHNOLOGICAL EQUIPMENT  
AND STRUCTURES IMPORTED BY  
RESIDENTS

0% CUSTOMS DUTY ON  
HARDWARE, TECHNOLOGICAL  
EQUIPMENT AND STRUCTURES  
IMPORTED BY RESIDENTS



VALUE PROPOSITION

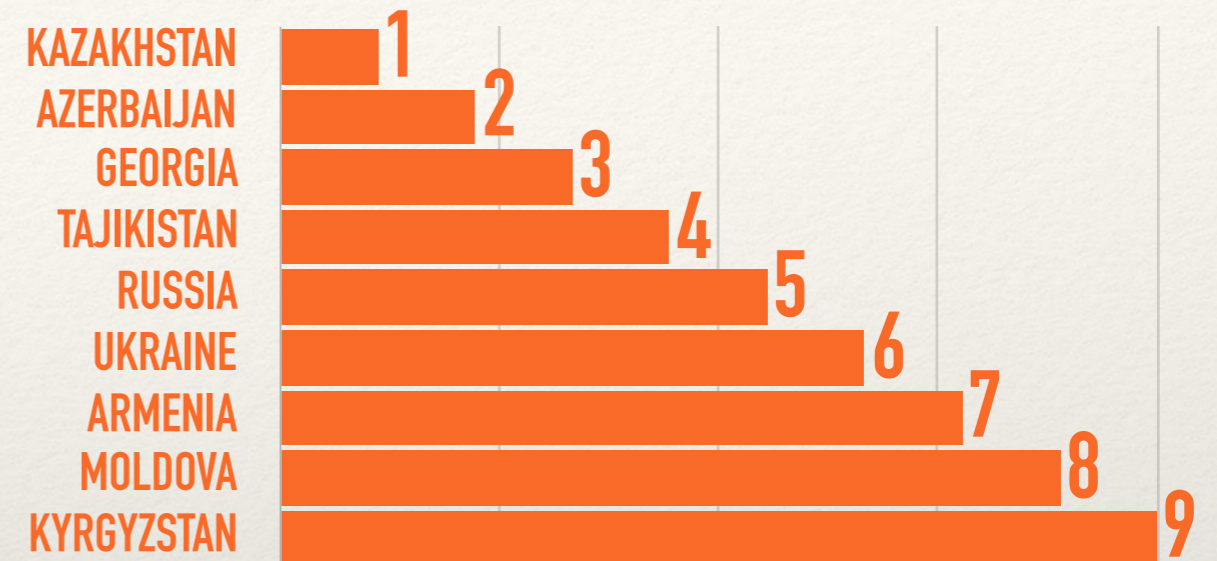
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**QUALIFIED  
WORKFORCE**

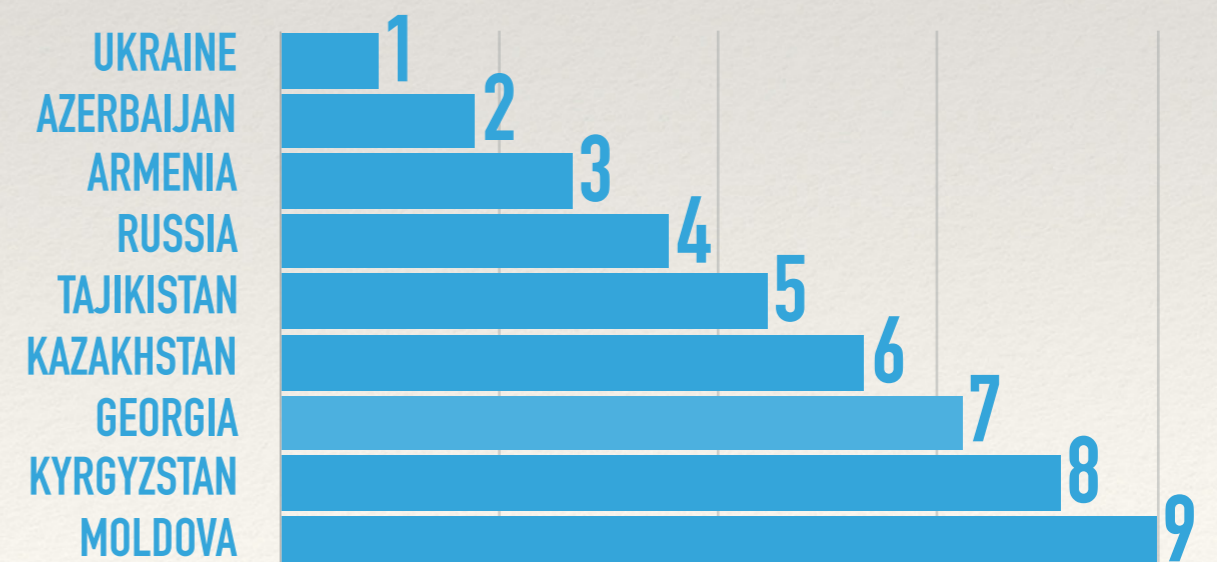
# YOUNG AND QUALIFIED WORKFORCE

- ✓ LABOUR FORCE = 4.8 MILLION PERSONS
- ✓ APPROX. 40% OF THE POPULATION IS UNDER THE AGE OF 30
- ✓ HIGH EMPLOYMENT RATE (95%)
- ✓ EXTREMELY HIGH LITERACY RATE (99.8%)
- ✓ 30 THOUSAND STUDENTS GRADUATE FROM 51 UNIVERSITY ANNUALLY
- ✓ STATE PROGRAMME ON EDUCATION OF AZERBAIJANI YOUTH ABROAD IN 2007-2015
- ✓ A LARGE R&D CENTER, THE NATIONAL ACADEMY OF SCIENCES WITH 28 RESEARCH INSTITUTES

## LABOUR MARKET EFFICIENCY



## AVAILABILITY OF SCIENTISTS AND ENGINEERS





# SECTOR OPPORTUNITIES

- ✓ **AGRICULTURE**
- ✓ **FOOD INDUSTRY**
- ✓ **TOURISM**
- ✓ **ICT**
- ✓ **CHEMICALS**
- ✓ **MACHINERY**
- ✓ **WASTE RECYCLING**



SECTOR  
OPPORTUNITIES

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**AGRICULTURE**

**6%**  
OF GDP

**4.8 M HA**  
AGRICULTURAL LAND

**1.9 M HA**  
ARABLE LAND

**5.6 BLN AZN**  
WORTH OUTPUT

**47%**  
CROP CULTIVATION

**53%**  
LIVESTOCK FARMING

**6.6%**  
GROWTH IN OUTPUT

**11.3%**  
GROWTH IN CROPS

**2.5%**  
GROWTH IN LIVESTOCK

**AMONG TOP 20 GLOBAL  
PRODUCERS OF:**

SOUR CHERRIES  
CHESTNUTS  
CRANBERRIES  
CURRANTS  
FIGS  
HAZELNUTS  
PERSIMMONS  
QUINCES  
RASPBERRIES

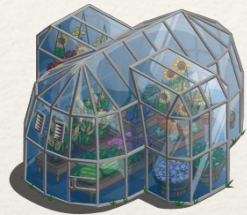
**MAJOR CROPS:**

CEREALS – 2.4 M TONNES  
VEGETABLES – 1.2 M TONNES  
FRUITS – 851 THS TONNES  
POTATOES – 819 THS TONNES  
WATERMELONS, MELONS AND GOURDS – 441 THS  
TONNES  
OTHER – 385 THS TONNES

**MAJOR PRODUCTS:**

MEAT – 291 THS TONNES  
MILK – 1.9 M TONNES  
EGGS – 1.6 BLN UNITS  
WOOL – 16.8 THS TONNES

## INVESTMENT OPPORTUNITIES



**GREENHOUSE VEG AND  
FRUIT PRODUCTION**



**MEDICINAL HERBS**



**AQUACULTURE FARMS**



**INTENSIVE FRUIT  
ORCHARDS**



**ESSENTIAL (FLOWER)  
OILS**



**APICULTURE**



**VITICULTURE**



**POULTRY FARMS**



**SEED PRODUCTION**



**TEA GROWING**



**MEAT FARMS**



**FEED PRODUCTION**



**SAFFRON PRODUCTION**



**DAIRY FARMS**



SECTOR  
OPPORTUNITIES

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**FOOD INDUSTRY**

**2.6** BLN AZN

FOODSTUFF PRODUCTION

**32.2%**

OF MANUFACTURING SECTOR

**4141**

ENTERPRISES

**232** M AZN

BEVERAGE PRODUCTION

**2.8%**

OF MANUFACTURING SECTOR

**332**

ENTERPRISES

## MAJOR PRODUCTS

- MEAT AND MEAT PRODUCTS
- DAIRY PRODUCTS
- VEGETABLE OILS
- CANNED FRUITS AND VEGS
- SUGAR
- CONFECTIONARY
- FLOUR
- PREPS. OF CEREALS
- SALT
- TEA
- NON-ALCOHOLIC BEVERAGES
- STILL AND SPARKLING WATER
- WINE
- OTHER ALCOHOLIC BEVERAGES

## INVESTMENT OPPORTUNITIES



**BEVERAGES**



**HONEY**



**BABY FOOD**



**MEAT PRODUCTS**



**VEGETABLE OILS**



**BAKERY PRODUCTS**



**DAIRY PRODUCTS**



**DRIED FRUITS**



**CANNED FOODS**



**FISH PRODUCTS**



**CONDIMENTS**



**FRUIT JAMS**



**CONFECTIONARY**



**SPICES**



**SNACK FOODS**



SECTOR  
OPPORTUNITIES

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**TOURISM**

**3%**  
OF GDP

**2.2 MLN**  
FOREIGN TOURISTS

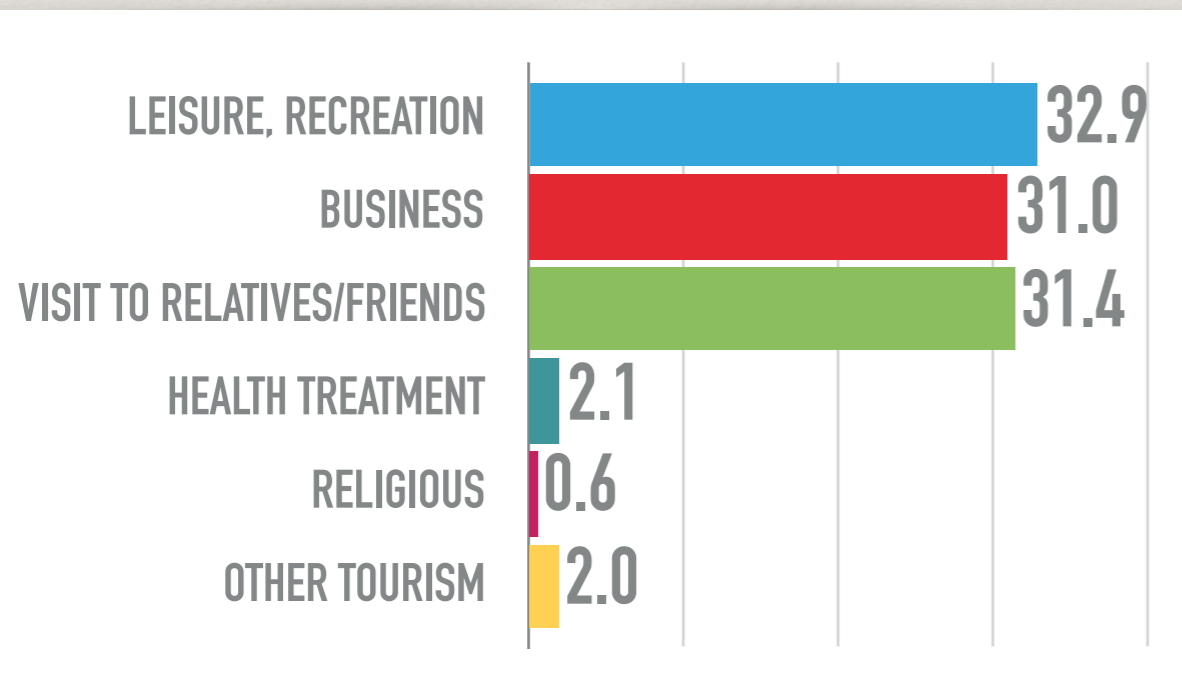
**1.6 BLN AZN**  
TOURIST EXPENDITURES

**1.7 M**  
OVERNIGHT STAYS

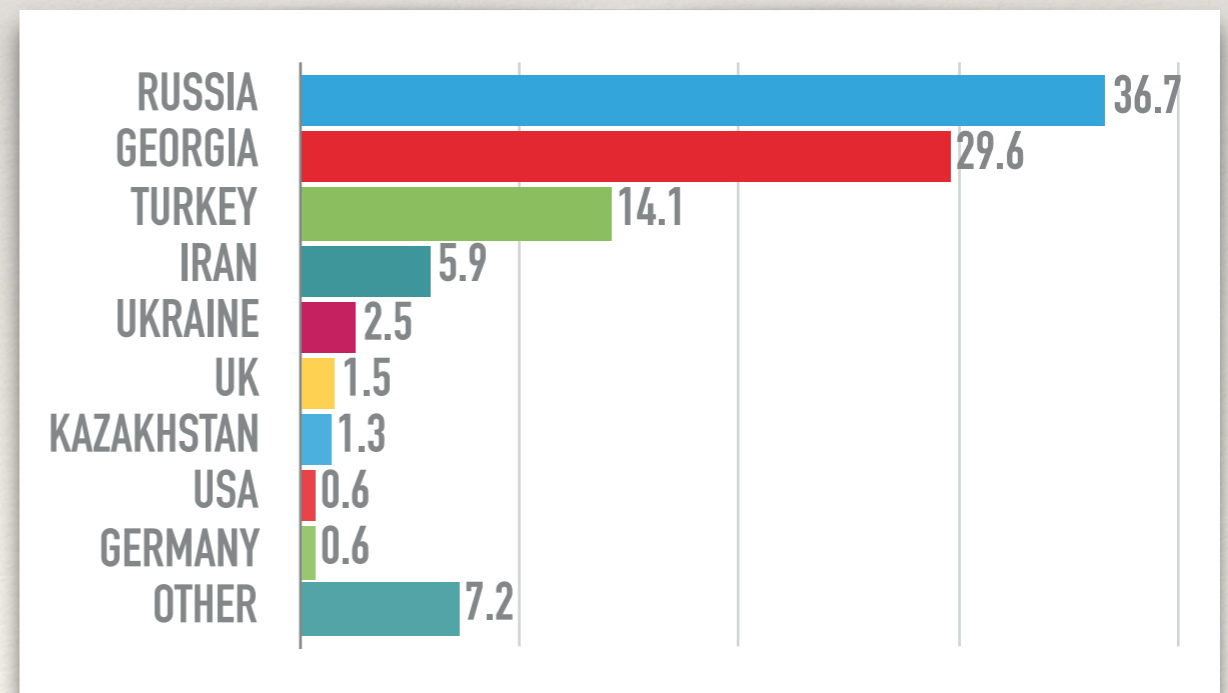
**535**  
HOTELS

**197**  
TOURISM COMPANIES

## TOURISTS BY PURPOSE (%)



## TOURISTS BY COUNTRY (%)



## INVESTMENT OPPORTUNITIES



**HOTELS**



**ONLINE SERVICES**



**RECREATION ZONES**



**EVENTS AND CONFERENCES**



**ADVENTURE FACILITIES**



**RESTAURANTS AND CATERING**



**ENTERTAINMENT FACILITIES**



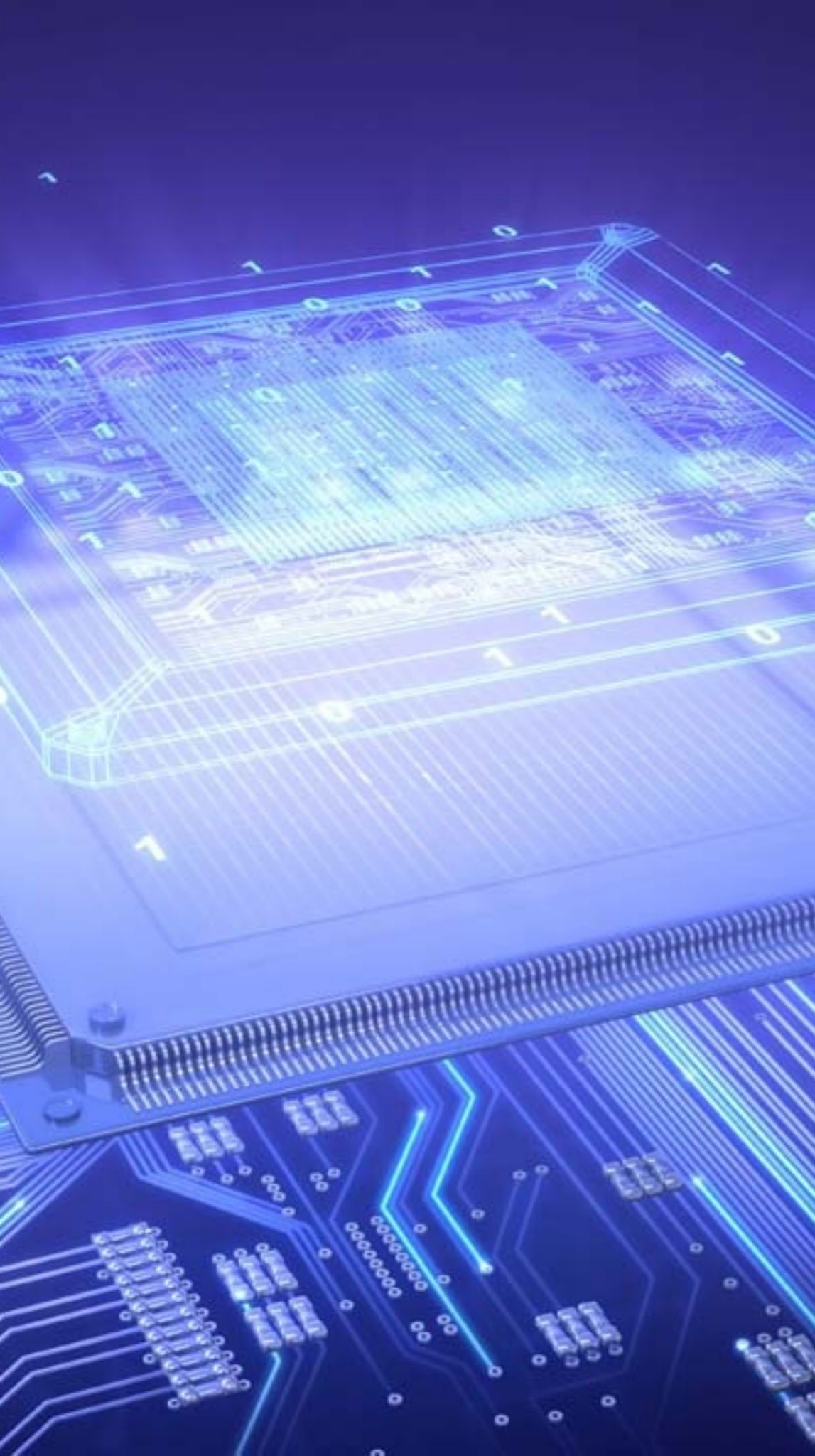
**SOUVENIR PRODUCTION**



**TRAVEL AGENCIES**



**SHOPPING**



# SECTOR OPPORTUNITIES

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# ICT

**2%**  
OF GDP

**75**  
INTERNET USERS/100 POP.

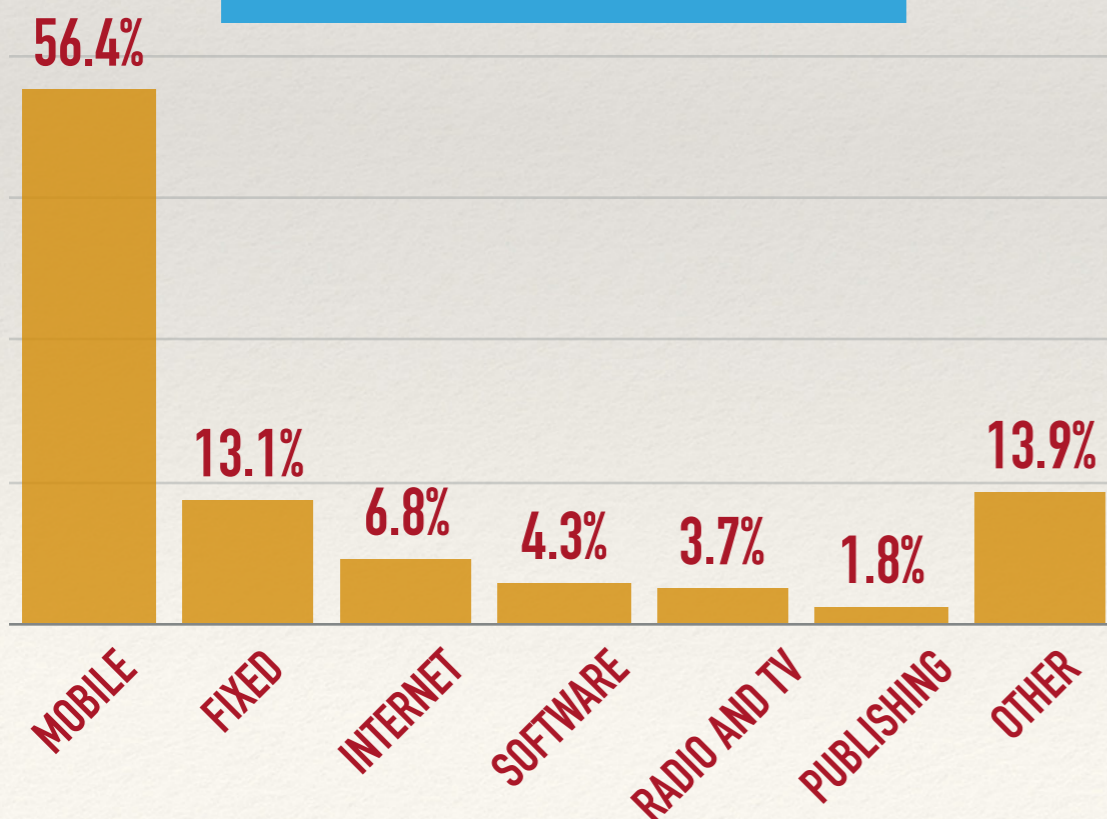
**112**  
MOBILE TELEPHONE  
SUBSCRIPTIONS/100 POP.

**1.6 BLN AZN**  
VOLUME OF ICT SERVICES

**15.1%**  
GROWTH IN VOLUME OF  
SERVICES

**67**  
PC USERS/100 POP.

## STRUCTURE OF ICT SERVICES



## GLOBAL INFORMATION TECHNOLOGY REPORT 2015

LAWS RELATING TO ICT	26/143
MOBILE NETWORK COVERAGE	1/143
GOVERNMENT SUCCESS IN ICT PROMOTION	10/143
ECONOMIC AND SOCIAL IMPACT OF ICT	49/143
ICT USE FOR B2B TRANSACTIONS	43/143
FIXED BROADBAND INTERNET SUBSCRIPTIONS	41/143
ICT USE AND GOVERNMENT EFFICIENCY	10/143
CAPACITY FOR INNOVATION	43/143

# INVESTMENT OPPORTUNITIES

# HIGH TECHNOLOGIES PARK

**INVESTMENT PACKAGE 1**

**REAL ESTATE**

**INVESTMENT PACKAGE 2**

**TECHNOLOGY TRANSFER**

**INVESTMENT PACKAGE 3**

**STARTUPS AND VENTURE FUNDS**

**7**

**YEARS**

**0% CORPORATE TAX**

**0% LAND AND PROPERTY TAX**

**0% VAT ON HARDWARE,  
TECHNOLOGICAL EQUIPMENT  
AND STRUCTURES IMPORTED BY  
RESIDENTS**

**0% CUSTOMS DUTY ON  
HARDWARE, TECHNOLOGICAL  
EQUIPMENT AND STRUCTURES  
IMPORTED BY RESIDENTS**



SECTOR  
OPPORTUNITIES

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**CHEMICALS**

# CHEMICALS (EXCL. PETROCHEMICALS)

**247** M AZN  
PRODUCTION VOLUME

**28.9%**  
GROWTH OF PRODUCTION

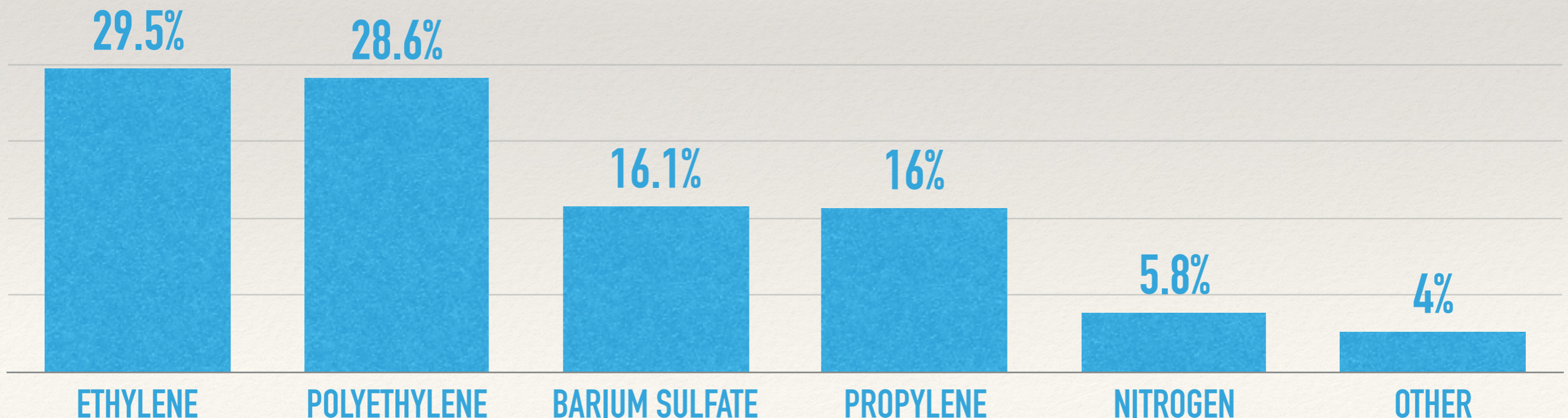
**170**  
ENTERPRISES

**6.5** THS  
EMPLOYEES

**489** AZN  
AVERAGE MONTHLY WAGE

**> 500** M USD  
CUMULATIVE INVESTMENTS



## MAJOR PRODUCTS



## INVESTMENT OPPORTUNITIES

# SUMGAIT CHEMICAL INDUSTRIAL PARK

### INDUSTRIES

-  AGRICULTURAL AND MEDICAL CHEMICALS
-  CONSUMER CHEMICALS
-  CONSTRUCTION INDUSTRY CHEMICALS
-  ELECTRONICS AND AUTOMOTIVE INDUSTRY CHEMICALS
-  POLYMERS
-  PRODUCTION OF INDUSTRIAL EQUIPMENT

# 7

# YEARS
















0% CORPORATE TAX

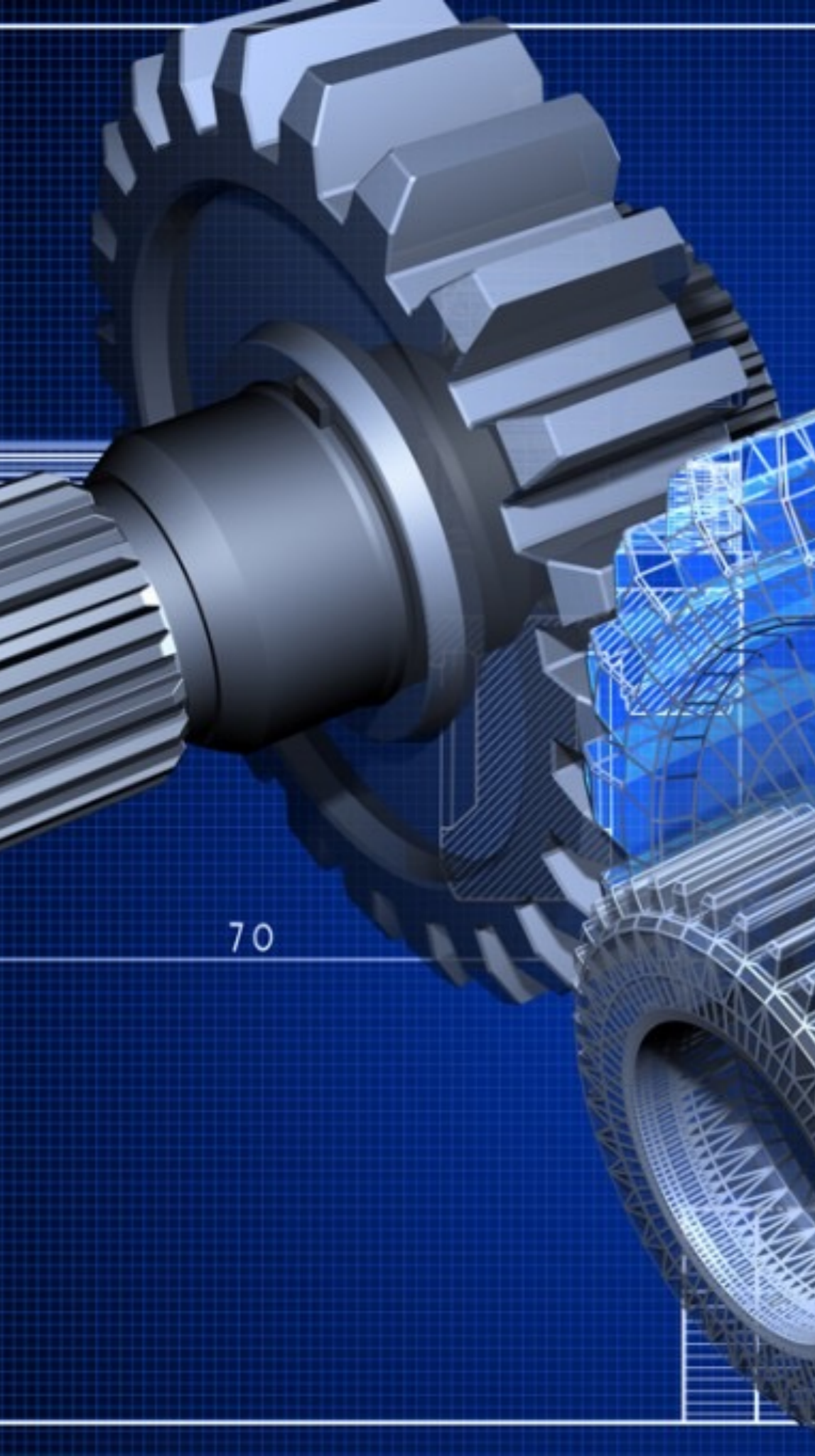
0% LAND AND PROPERTY TAX

0% VAT ON HARDWARE,  
TECHNOLOGICAL EQUIPMENT  
AND STRUCTURES IMPORTED BY  
RESIDENTS

0% CUSTOMS DUTY ON  
HARDWARE, TECHNOLOGICAL  
EQUIPMENT AND STRUCTURES  
IMPORTED BY RESIDENTS

## INVESTMENT OPPORTUNITIES

-  NITROGEN, PHOSPHORUS, POTASSIUM CONTAINING FERTILISERS (NPK)
-  FIBRE GYPSUM BOARDS
-  BASALT FIBRE
-  GLASS AND CARBO FIBRE
-  ACYCLIC ALCOHOLS AND THEIR DERIVATIVES
-  PVC
-  CHLORIDES, HYDROXIDES, SODIUM (CAUSTIC SODA) AND CAUSTIC POTASH
-  CAR TIRES
-  ENGINE OILS
-  SINGLE CRYSTAL WAFER
-  SOAP AND CLEANING AGENTS
-  HOUSEHOLD CHEMICALS
-  EPOXY RESINS AND ADHESIVES
-  MEDICAL DISPOSABLE SYRINGES AND SYSTEMS
-  ANTIBIOTICS



SECTOR  
OPPORTUNITIES

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**MACHINERY AND  
EQUIPMENT**

# MACHINERY AND EQUIPMENT

**602** M AZN  
PRODUCTION VOLUME

**290**  
ENTERPRISES

**14.6** THS  
EMPLOYEES

**> 500** M USD  
CUMULATIVE INVESTMENT

## MAJOR PRODUCTS

TV SETS

CASH REGISTERS

ELECTRIC MOTORS

POWER TRANSFORMERS

WELL-CONTROL EQUIPMENT

ROD WELL-PUMPS

AIR CONDITIONERS

REFRIGERATORS

TRACTORS

PASSENGER CARS

TRUCKS

CAR SPARE PARTS

## INVESTMENT OPPORTUNITIES



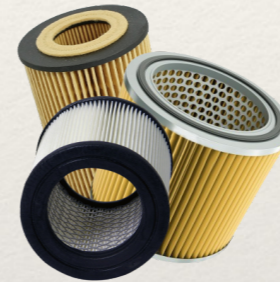
PETROLEUM INDUSTRY EQUIPMENT



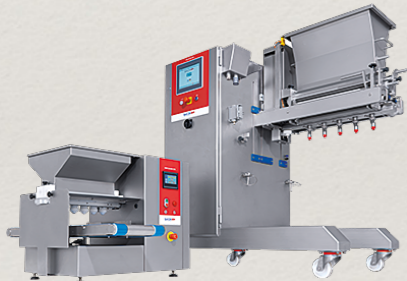
HEATING BOILERS



AGRICULTURAL EQUIPMENT



CAR OIL AND AIR FILTERS



FOOD INDUSTRY EQUIPMENT



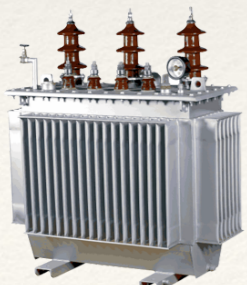
POWER ACCUMULATORS



CONSTRUCTION MACHINERY



LED BASED LIGHT BULBS



POWER AND ENERGY EQUIPMENT



SMART HOME DEVICES

# THANK YOU!

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## AZERBAIJAN EXPORT AND INVESTMENT PROMOTION FOUNDATION AZPROMO

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